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Jurisdiction in cross-border trademark infringements on the Internet in the EU

BACHELOR THESIS

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I declare that this thesis is my own work, and that all references to, or quotations from, the work of others are fully and correctly cited.

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ABSTRACT

The Internet has transformed everything. And the area of intellectual property and private international law are not exceptions. This paper examines how jurisdiction rules, initially designed for offline cases, are applied in the context of online trademark infringement. It has been found that differentiation should be made with respect to national trademarks and the EU ones - Brussels I Recast applies to the former and European Trademark Regulation to the latter. With national trademarks, the jurisdiction may be granted on the basis of defendant's domicile, place of registration, place of activation of infringing content and the place of access to it. The same applies to the EU trademarks, except for the place of access.

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LIST OF ABBREVIATIONS

EUTMR – European Trademark Regulation

TMD – European Trademark Directive

EUIPO – European Intellectual Property Office

WIPO – World Intellectual Property Organisation

ECJ or The Court – The European Court of Justice

EU – The European Union

IP – Intellectual Property

ISPs – Internet Service Providers

INTRODUCTION

Technological advancement has always driven forward the quality of human lives. In modern times, these developments have been tightly connected with such phenomenon as “industrial revolution.” The first industrial revolution started in 1760s and brought us steam engine, watermill and mechanisation techniques. The second one commenced in the end of 19th century and was notable with discovery of electricity and introduction of mass production.¹ All these inventions and developments have revolutionised manufacturing, approach to work and life of many (if not all) the people.

According to some, the change that computers and Internet are bringing in our lives can be compared to industrial revolutions of the past. The breakthrough that took place in the second half of the 20th century in form of active computerisation and digitalisation are often claimed to constitute the third industrial revolution.² But, even more to it, in 2016, Klaus Schwab, the Executive chairman of the World Economic Forum,³ has come up with the book in which he described arrival of the **fourth industrial revolution**⁴. That encompasses artificial intelligence, the internet of things, modification of genome, blockchain, 3D printing, virtual reality⁵ and will be characterized by “the convergence of digital, biological, and physical innovations.”⁶

Thus, it can be said that the world has entered the new age, the cornerstone of which are computers and Internet. But, as it is usual with all good and positive phenomena, there is always another side of the coin - all the good can be turned to bad and exploited by those seeking to mislead, corrupt and deceive. The first two revolutions led to exploitation of workers, recklessness towards environmental issues, mass production of weapons, increase of inequality, etc. The Internet, in turn, has led to facilitation of crime, hacking and dissemination of malicious software and fraud. And none of the spheres is exempt of such threats - and the sphere of intellectual property (hereinafter – IP) has not been an exception.

Today, businesses flourish because of the Internet and opportunities it offers. But the infringers thrive as well, especially those who infringe someone’s IP rights on purpose. That is why, the appropriate means for enforcement of IP rights are needed and determination of jurisdiction – the place where the litigation should take place - is an important element of this fight.

But the problem is that determination of the forum is sophisticated by the unique traits of the Internet. Currently, the rules on jurisdiction are based on territoriality principle. But the Internet

¹Encyclopedia Britannica. “Industrial Revolution”. Available on: <https://www.britannica.com/event/Industrial-Revolution>. Accessed May 13, 2019 and Sentryo. “The 4 industrial revolutions”. Available on: <https://www.sentryo.net/the-4-industrial-revolutions/>. Accessed May 13, 2019.

² The Economist. “The third industrial revolution”. Available: <https://www.economist.com/leaders/2012/04/21/the-third-industrial-revolution>. Accessed May 13, 2019 and Salesforce Blog. “What is the fourth industrial revolution?” Available: <https://www.salesforce.com/blog/2018/12/what-is-the-fourth-industrial-revolution-4IR.html>. Accessed: May 13, 2019.

³ World Economic Forum. “Klaus Schwab”. Available on: <https://www.weforum.org/about/klaus-schwab>. Accessed May 13, 2019.

⁴ See Klaus Schwab, *The Fourth Industrial Revolution* (New York: Crown Publishing Group, 2016)

⁵ Salesforce Blog. “What is the fourth industrial revolution?” Available: <https://www.salesforce.com/blog/2018/12/what-is-the-fourth-industrial-revolution-4IR.html>. Accessed: May 13, 2019.

⁶ Encyclopedia Britannica. Klaus Schwab, “The fourth industrial revolution”. Available on: <https://www.britannica.com/topic/The-Fourth-Industrial-Revolution-2119734#ref1255185>. Accessed: May 13, 2019.

has no borders and provides a large room for anonymity of users. Because of that, the usual connecting factors, that successfully work in regular cases, may not function in online litigations at all or should be significantly reconsidered.

Among many IP law subjects, the trademarks have been chosen for this paper. Brands are extremely important for the companies in that they enable to distinguish their goods from the ones of competitor. But, as studies reveal, brands are unique in a way that, apart from tangible elements, their value lies in many intangible aspects they are bringing to consumers. In the mind of the buyers, a certain net of associations is being created about the brand – and exactly these associations determine the power of it. Besides, certain brands may mean something more than just ordinary products - they can ensure the sense of belonging or serve as a status symbol.

Thus, considering the importance of the topic and its relevance, the present thesis researches the issue of jurisdiction on the Internet and attempts to answer the following research question: **How is the jurisdiction for cross-border trademark infringements on the Internet determined in the EU?**

In the EU, the main instrument for determination of jurisdiction is Brussels I Recast.⁷ In IP infringement cases, the general (Article 4), alternative (Article 7 (2)) and exclusive jurisdictions (Article 24) are available. Besides, the European Trademark Regulation (hereinafter – EUTMR)⁸ provides for similar rules in Article 125. The correct application of these articles and interrelation between them are the central issues of the paper.

But several things are excluded from the scope of the work. The work aims at providing a general overview on the issue and thus concentrates on the most important articles and issues related to them. Thereby, such question as whether the forum chosen is competent to require payment of damages for the harm done in other countries or the jurisdiction in case of multiple defendants are omitted. Besides, the research does not extend to determination of the city where the litigation should take place (since it is a matter of national law) and to the issues concerning consolidation of several cases.

The paper consists of three chapters. The first looks at the challenges that the legal and business spheres are encountering. It is discussed why the Internet makes determination of jurisdiction difficult, why brands are important for companies and what are the ways how the infringers may profit from their activities. The second chapter concentrates on the general rule of jurisdiction contained in the Article 4 Brussels I Recast and Article 125 (1) EUTMR. Besides, exclusive jurisdiction under Article 24 (4) of Recast is discussed. The third chapter examines alternative grounds for jurisdiction under Article 7 (2) of Brussels Regulation and Article 125 (5) EUTMR.

Keywords: trademark infringement; brand; Internet; Brussels I Recast; EUTMR; domicile; harmful event; place of infringement;

⁷ Regulation (EU) No 1215/2012 Of The European Parliament And Of The Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), *Official Journal of the European Union* L351/1. Available on: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:351:0001:0032:En:PDF>

⁸ Regulation (EU) 2017/1001 Of The European Parliament And Of The Council of 14 June 2017 on the European Union trade mark (codification) *Official Journal of the European Union*, L 154/1. Available on: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1506417891296&uri=CELEX:32017R1001>

CHAPTER I. TRADEMARK INFRINGEMENT ON THE INTERNET - LEGAL AND BUSINESS PERSPECTIVES

1.1. The concept of infringement

The main purpose of trademarks or brands is to enable consumers to distinguish the goods and provide the way for the proprietors to identify their products or services.⁹ Success in that is significant for businesses and, respectively, they wish to "exclude others"¹⁰ from the use of the registered trademark. Because of that, the essence of determination of the fact of infringement lies in *comparison* of the previously registered trademark with the one which is claimed to breach the right.¹¹

An explanation as to what amounts to infringement can be found in Article 9 of EUTMR. In paragraph two, the Article specifies when the owner of the mark can prevent others from using the sign and, in the paragraph three, lists specific examples of prohibited actions.

The main restricting factor is that the sign cannot be "identical with, or similar to, the EU trade mark"¹² which has been already registered. And then, other factors are added to this basis - the similar sign cannot be used with respect to similar goods and services and cannot be used if it causes the "likelihood of confusion"¹³ and can undermine the reputation of a previously registered mark.¹⁴ Among examples of infringing actions are putting the sign on the packaging, importing and exporting of the products with it, using it in a name of the company, in advertising, etc.

But it has to be noted that there is one condition for existence of infringement - that the breached EU trademark should be used "in the course of trade".¹⁵ According to the Court, such use should take place in "commercial activity with a view to economic advantage and not as a private matter."¹⁶

And other important thing is that the right for the mark is exclusive, which means that not much is needed for concluding that the breach took place: there is no need to prove the existence of damage on the part of the owner and the absence of the intent to breach and knowledge about it does not excuse the infringer.¹⁷

But how trademarks can be infringed on the Internet? The unsanctioned use of a trademark, which corresponds to description made above, may take place in various ways. There are three domains in which the infringement can take place: the trademark can be wrongfully used in **domain names, on the website or as a metatag**.

Breaches in domain names are usually referred to as "cybersquatting" and "typosquatting". Cybersquatting may be described as registration of "the trademark as a domain name before the

⁹ John M. Murphy, *Branding: A Key Marketing Tool, Second Edition* (Hampshire: Macmillian, 1992), p. 1

¹⁰ World Intellectual Property Organisation. *Introduction to Intellectual Property, Theory and Practice, Second Edition* (Alphen van der Rijn: Kluwer Law International B.V., 2017), p. 16

¹¹ L. Bently, B. Sherman, D. Gangjee and P. Jonhson, *Intellectual Property Law*, 5th Edition (Oxford: Oxford University Press, 2018), p. 1103

¹² *Supra* note 8, Article 9(2)(a)

¹³ *Ibid*, Article 9(2)(b)

¹⁴ *Supra* note 8, Article 9(2)(c)

¹⁵ *Ibid*, Article 9(2)

¹⁶ Judgment in *Arsenal*, C-206/01, ECLI:EU:C:2002:651, para 40

¹⁷ *Supra* note 11

rightful trademark owner can do so."¹⁸ Typosquatting takes advantage of spelling mistakes the Internet users make. People who do that try to attract visitors to their websites by registering domain names which are the misspelled versions of the original (and usually popular) brand.¹⁹ For example, if someone types "amzon.com" instead of "amazon.com", he would be redirected to the webpage maliciously registered under that domain name.

The most common ways to breach trademark on the website is by using online advertisements and by using the page to sell counterfeit goods. The infringer might use both real and fake ads. The real ones can be used to make an impression that the wrongdoer's advertising service is legitimate whereas the fake ones can either convey some modified and inappropriate message or divert traffic to the pages the wrongdoer wants.²⁰ Another way - is to create the website which utilises someone's trademark to sell the goods - most commonly, the counterfeit ones which, by themselves, infringe trademarks of original producers.

Finally, using someone's trademark as metatag can breach its owner's right. Metatag "is a word which is written on a web page in an electronic language such as HTML."²¹ They are invisible for the users but they are used by the search engines to carry out the requests for search. The use of metatags does not cause any problem as far as they are purely descriptive. But when they involve someone's trademark, they can be infringing.²²

Metatags are extensively used in keywording - search optimization technique. For instance, Google offers companies to "book" certain keywords, upon typing of which in the Internet browser, the link to their websites would appear. But those keywords are not exclusive and can be used by everyone.²³ It means that anyone can use brand of famous company to attract people to their websites. For example, if someone sells accessories for Mercedes cars, he can use the tag "mercedes" and it will appear among the list of advertised websites or appear among the first on the list of results. It is claimed that such practice may constitute a breach of a trademark and ECJ addressed this issue in several cases.²⁴

The reason behind all these actions, obviously, is seeking of profit. And, how it is done and how infringers may earn, is discussed in section 1.3.5.

1.2. Legal challenges in online trademark infringements from private international law point of view

The issue of jurisdiction in cross-border trademark infringements on the Internet is associated with several problems and challenges that, at the moment, exclude the possibility to provide clear-cut guidelines for the matter. Those issues relate both to the regulatory framework and to the subject-matter of cases itself.

¹⁸ Dara B. Gilwit, «The Latest Cybersquatting Trend: Typosquatters, Their Changing Tactics, and How To Prevent Public Deception and Trademark Infringement», p. *Washington University Journal of Law & Policy*, 11 (267), 2003, p.267. Available on: http://openscholarship.wustl.edu/law_journal_law_policy/vol11/iss1/11

¹⁹ *Ibid*

²⁰ Jerney Phillips, *Trade Mark Law: A Practical Autonomy* (Oxford: Oxford University Press, 2003), pp. 589-593

²¹ *Ibid*, p.593

²² Roland Knaak, «Metatags and keywords as comparative advertising», *Journal of Intellectual Property Law & Practice*, 2014, Vol. 9, No. 9, p. 770

²³ Slaughter and May, «Trade mark infringement on the internet» Briefing September 2010, p. Available on: https://www.slaughterandmay.com/media/1475329/trade_mark_infringement_on_the_internet.pdf

²⁴ e.g. see Judgment in Google France, Joined cases C-236/08 to C-238/08, ECLI:EU:C:2010:159

The lack of regulation in the area and the lack of case law - are the regulatory problems. The researchers note that the modern legal instruments are not sufficiently adapted to the new digital reality. And that seems apparent when we look at those documents. EUTMR does not contain the word "internet" at all but the term "online" is mentioned with respect to the access to decisions of European Intellectual Property Office (hereinafter – EUIPO) and to inspection of files only.²⁵ The European Trademark Directive (hereinafter – TMD)²⁶ merely states that the trademark law should be adapted to the modern circumstances and, subsequently, that causes the need for introduction of the trademark registration online.²⁷ Brussels I Recast contains neither of these terms.

That means that the subject is left to be governed by the secondary sources of law. The ECJ has been active both in sphere of trademark infringements and decisions on jurisdiction. And, while it should be admitted that the Internet cases are appearing as well, the extent or pace at which it happens is not sufficient to say that the sphere is not dim and obscure anymore.

There are plenty of cases on infringement of trademarks which involve articles of Brussels Regulation. But the problem is that it is not clear whether the principles developed in those cases are equally applicable to the Internet litigations and, if yes - how and to what extent. Because of that, a great deal of discussion in academic circles is devoted exactly to the issue whether the old principles could be extrapolated to new cases. And, as to the trademarks themselves, often it has to be determined whether the findings from other IP cases (copyright, patents or industrial design) could be used in trademark litigations. And, it will be seen further that sometimes, the researchers are unable to come to some definite conclusions because the case, that would prove their assumptions and evaluations, just has not yet appeared.

The other issues relate to the content of cases per se. **Specifically, that concerns the way how the Court should respond to the nature of the Internet, which disrupts the usual application of conventional jurisdiction rules.**

Jurisdiction rules in international law are based on territoriality and nationality.²⁸ Territoriality reflects the aspiration of states to exercise "territorial control and statehood"²⁹ whereas jurisdiction based on nationality affirms State's power over its citizens.³⁰ Territoriality principle, in turn, found its use in private international law. In practice, territoriality means that the jurisdiction is determined on the basis of connecting factors that are intrinsically linked to the territory of the State³¹ - for example, domicile of the defendant. And it is interesting that the IP law itself is territorial in nature - the regulation and extent of the IP rights are governed in each State separately³² and, for instance, if a trademark is registered only in one country, then the protection is granted only on its territory. However, Lundstedt notes that the European Union has slightly departed from the rule of territoriality and allows other connecting factors.³³ And that

²⁵ *Supra* note 8, Articles 113 and 114

²⁶ Directive (EU) 2015/2436 Of The European Parliament And Of The Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Recast), Official Journal of the European Union, L 336/1. Available on: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015L2436>

²⁷ *Ibid*, recital 6 of the preamble

²⁸ Alex Mills, «Rethinking Jurisdiction in Inetrnational Law». The British Yearbook of International Law (2014), Vol. 84 No. 1, p. 196. doi:10.1093/bybil/bru003

²⁹ *Ibid*

³⁰ *Supra* note 28

³¹ Lydia Lundstedt, «Territoriality in Intellectual Property Law», Stockholm University, p.67. Available on: <https://su.diva-portal.org/smash/get/diva2:972658/FULLTEXT01.pdf>

³² *Ibid*, p. 1

³³ *Supra* note 31

could be much to the satisfaction of many researchers, Lundstedt including, who observe very negative and impeding effect of such state of affairs.

But the Internet disrupts all that system. The courts cannot longer rely solely on purely territorial factors or should re-interpret them in accordance with the needs of the online environment. As Svantesson notes, **"our traditional focus on time and space is fundamentally undermined by the nature of the Internet."**³⁴ But what are the elements of the web that make it so disrupting? Svantesson in his book³⁵, outlines several characteristics that make it such. Among them, the most significant for the private international law are geographic independence, wide usage, portability and obscurity with geographical identifiers.³⁶

The Internet does not depend on borders of the states and, in general, the data can flow without obstacles between countries. As Johnson says, "the Internet is simultaneously everywhere and nowhere."³⁷ This geographical independence extends to the dimension of time making it almost irrelevant - the information can be transferred or accessed within seconds or minutes, irrespective of the place. That allows the web to be used by anyone who has the computer and connection to it, meaning that information can be accessed by people who were not targeted and intended to see it.³⁸ And this global grip extends to the creators of content themselves - the web allows a great deal of portability: the domain names of the country can be used by foreigners, people may have an e-mail account of the foreign company or website may be operated by the use of several servers located in different countries.³⁹

And the problems that are being created by such nature of the web can be summarised in one word - **"identification"**. The Internet users have a high degree of anonymity and pseudonymity on the net.⁴⁰ Because of that, it turns to be very difficult and, in some cases, even impossible to identify the infringer. Besides, it may be difficult to say for sure what is the place where the infringement occurred or to which state the case is connected more. As a result, wrongdoers are hard to prosecute and it is not easy to put stop to their activities.

Thus, it can be confidently said that determination of jurisdiction has become problematic in the 21st century and this challenge should be recognised and accepted by the governments. But the legal dimension is not the only one that is being challenged in this context. The Internet and problems it might create equally concern businesses. And that is discussed in the section below.

³⁴ Dan Jerker B. Svantesson, *Solving the Internet Jurisdiction Puzzle* (Oxford: Oxford University Press, 2017), pp. 29-30

³⁵ Dan Jerker B. Svantesson, *Private International Law and the Internet, Third edition* (Alphen aan den Rijn: Kluwer Law International BV, 2016).

³⁶ *Ibid*, pp. 51- 75

³⁷ Shontavia Johnson, «Trademark Territoriality in Cyberspace: an Internet Framework for Common-Law Trademarks», *Berkeley Technology Law Journal* 29 (2), 2015, doi: doi.org/10.15779/Z381Q40, p. 1289

³⁸ *Supra* note 36, pp. 56-57, pp. 61-64

³⁹ *Ibid* pp.64-66

⁴⁰ Hitsevich, N. *Intellectual property rights infringement on the internet: an analysis of the private international law implications*, Unpublished Doctoral thesis, City University of London, 2015, pp. 59-60.

1.3. Importance and challenges for businesses

1.3.1 Brands in business

While in the legal context, the words or logo that is chosen to denote the firm, is usually called "trademark", in the business sphere, the term "brand" is commonly used. The meaning of "brand" encompasses the sign within the legal meaning, but its whole definition is far broader.

Primarily, the brand is the "name, term, symbol or design, or a combination of them, which is intended to signify the goods or services."⁴¹ But the good brand, however, goes beyond its basic function of differentiation. As Iacobucci says, successful brands "have value above and beyond the benefits of the product itself."⁴² It means that the brand, apart from tangible attributes, comprises intangible aspects which are equally (or even more) important.⁴³

In the article⁴⁴, published in the *Journal of Marketing*, the researchers, in their attempt to study the behaviour and attitude of people towards brands, have come up with four common themes or dimensions that went through all the registered responses. These are sensory, affective, intellectual and behavioral dimensions. For example, the consumer may like the product because it feels good in hand (sensory, e.g. Apple iPod) or because it offers some intellectual challenge (intellectual, e.g. Lego). And, obviously, some products may combine several of those paradigms.⁴⁵ And they argue that understanding of the product's position among these paradigms may provide a clear comprehension for the entrepreneurs on the customers' preferences with respect to brands and whether their product is being developed correctly.

And it is interesting to note that the scientists were trying to understand the experience of brands in the research - not one of the products. It means that all the registered responses concerned not only a certain product itself, but its brand too. And that demonstrates importance of the process of brand-building for the company - **the experience with the products, be it positive or negative, is being associated with the brand of the company what, subsequently, influences an overall perception of all of their goods and services.** That goes in line with other observations of the experts - that the encounter with brands is creating the net of associations in the mind of the customers. For instance, when someone hears the word "Sony", it might automatically imply something qualitative. Or seeing "Nescafe" may let someone feel the scent and warmth of coffee or see the images of delicious breakfast shared with family. Thereby, the entrepreneur has to bear that in mind and, in order to be successful, has to strive to create positive associations with the brand and to avoid building the negative ones.

And, often, the brand name itself might help with that. The choice of a brand name is a responsible matter in which various considerations should be taken into account. First and foremost - legal factor. The choice should be compliant with the laws of the country or region, the main principle of which, usually, is that the mark should not resemble already existing signs. But equally important are cultural and business considerations. It has been frequently observed that

⁴¹ Sabine Einwiller, *The significance of reputation and brand for creating trust in the different stages of a relationship between an online vendor and its customers*, 8th Research Symposium on Emerging Electronic Markets (RSEEM2001), Maastricht NL, 2001 and P. Kotler, *Marketing Management: Analysis, Planning, and Control*, 8th edition, Prentice Hall, 1991.

⁴² Dawn Iacobucci, *Marketing Management, First Edition* (Stamford: Cengage Learning, 2015), p. 103

⁴³ T. Lean. Sammut-Bonnici, «Brand and branding» in *Wiley Encyclopedia of Management, Strategic Management Volume 13*, Sammut-Bonnici T and McGee J (eds.), 2014 (Wiley: New Jersey, NJ), p.1

⁴⁴ see J. Joško Brakus, Bernd H. Schmitt, & Lia Zarantonello. «Brand experience: What Is It? How Is It Measured? Does It Affect Loyalty?» *Journal of Marketing* 52 Vol. 73 (May 2009),doi: 10.1509/jmkg.73.3.52.

⁴⁵ *Supra* note 42, p.118

success of the sign in one country does not guarantee success in another. From cultural point of view, peculiarities of sectoral and tribal divisions, language, political correctness, values and taboos should be borne in mind. And, of course, psychological element is not marginal. The name should bring associations or have an effect that is in line with the company's plans for the product.⁴⁶

Given all the complexity of brand's constituent parts, it might be implied that the brand performs important functions for the company. And, indeed it does – for businesses, besides differentiation, brand serves as protection from competition, enables to control the segments of markets, gives the right to charge higher prices, helps to build up the reputation and generates brand loyalty.⁴⁷ On the part of consumers, brands are important in that they serve as a guarantee of quality make the choice easier, stimulate interest, have emotional connotations and may serve as a status symbol.⁴⁸

The functions are various and their impact grows stronger with the Internet. As Shaeffer writes, "[t]he Internet has created enormous opportunities for companies to communicate their brand messages."⁴⁹ Nowadays, people may get exposed to various brands without leaving home - through e-shops, advertisements and social media. All the characteristics and functions of brands mentioned above may be used, achieved and reinforced in the online dimension, bringing new customers and exerting impact that has never been possible in the past. That is why, some books speak about the new era in marketing and urge to adapt to it by using the new digital means to gain reputation, earn trust, gather force and exert influence on consumers.⁵⁰

1.3.2. Threats and dangers of trademark infringements

As it might be implied from the above, successful creation and management of the brand requires a great deal of financial resources, time and creativity. And, it is certain that there will be those who wish to escape exerting these efforts and to capitalize on the work and investment done by others.

The breach of trademarks caused by such people might cause threat in several ways for the company and for consumers. Above all, as Tushnett notes, such "free riding" on the work of others can be seen simply as immoral by many- and thus unacceptable.⁵¹ But apart from that, the threat could be in the form the loss of sales, harm for reputation and safety concerns.

By purchasing the counterfeit good, the consumer deprives the legitimate brand's owner of its money from sales. And that is especially relevant if the goods compete with each other.⁵² In the European Commission's 2016 report on online platforms, it was stated that the number of small parcels with IP infringing goods in the EU has significantly increased. The total value of 35 million

⁴⁶ Jerney Phillips, *Trade Mark Law: A Practical Autonomy* (Oxford: Oxford University Press, 2003), pp. 630-632.

⁴⁷ *Supra* note 42, p.106 and Lina Bivainiene, «Interpretation of Brand Concept and Functions: Theoretical Approach», *Social Research. Nr. 1 (22)*, 2011, p. 8 Available on: http://www.su.lt/bylos/mokslo_leidiniai/soc_tyrimai/2011_22/bivainiene.pdf. Accessed May 5, 2019.

⁴⁸ *Supra* note 37, paragraph 2.34; *supra* note 34, p.105-108 and Lina Bivainiene, «Interpretation of Brand Concept and Functions: Theoretical Approach», *Social Research. Nr. 1 (22)*, 2011, p. 8.

⁴⁹ Jochen M. Schaefer, *IP Infringement Online: the dark side of digital*, WIPO Magazine 2/2011, p.1 Available on: https://www.wipo.int/wipo_magazine/en/2011/02/article_0007.html

⁵⁰ e.g., see Philip Kotler, *Marketing 4.0* (New Jersey: John Wiley & Sons, 2017) or Chris Brogan, *Trust Agents: Using the Web to Build Influence, Improve Reputation and Earn Trust* (New Jersey: John Wiley & Sons, 2010)

⁵¹ Rebecca Tushnet. "What's the Harm of Trademark Infringement?", *49 Akron L. Rev.* 627 (2015), p. 637. Available on: <https://scholarship.law.georgetown.edu/facpub/1785/>. Accessed May 7th, 2019.

⁵² *Ibid*, p. 629

confiscated goods amounted to 617 million euros in terms of prices of original products - the amount of sales the producers lost because of the counterfeit.⁵³

The counterfeit products are not subject to strict quality standards and checks.⁵⁴ Because of that, such goods might not perform in the way the original ones do. That might cause dissatisfaction of the buyers, who would associate their negative experience with the original brand⁵⁵ because they thought that they had bought the original good. That, in turn, causes harm to reputation and brand image of the company what may result in the loss of profit. But sometimes, the goods might be not only of poor quality but can be dangerous, causing threat for safety and health of the consumers. The local authorities regularly seize the goods because of their toxicity, non-compliance with electrical standards, etc.⁵⁶ And the Internet is a catalyst for aggravation of such situation.

1.3.3. How the Internet makes it worse

The infringers have learnt to make use of the possibilities the digital world is offering. Mostert, in his study on online trademark infringements prepared for Enforcement Advisory Committee of the World Intellectual Property Organisation (hereinafter – WIPO), mentions how the situation with infringers is exacerbated by the Internet.

Firstly, it enables them to "shift their activities" from physical to online distribution.⁵⁷ That makes the fake goods much more easily accessible and reached throughout the globe. According to the latest report of Organisation for Economic Co-operation and Development (OECD), the overall value of counterfeit goods in the world economy has reached 590 billion US dollars in 2018, what constitutes three percent of the global GDP.⁵⁸ And, "digital platforms which help connect supply and demand globally"⁵⁹ were mentioned as one of the primary reasons for such state of affairs.

Secondly, the infringers have learned to "divert traffic" from the original websites. Specific online infringement methods - cybersquatting, typosquatting or spoofing prove to be helpful in that. Besides, the social media platforms are extensively used. The wrongdoers put the links to their websites in the comments on social media pages of famous brands, or simply are advertised on those pages, thus taking advantage of the attention the original brands get.⁶⁰

And, finally, the infringers on the Internet are much harder to catch. First of all, there is no any ultimate authority that would police the web. In addition to that, even if some webpage gets closed, it is easy for infringers to open the new one almost immediately. Sometimes, they use only temporary advertisements or relocate their websites what makes it difficult to punish them, if possible at all.⁶¹ Schaeffer notes that there are problems with finding evidence because

⁵³WIPO. "Study on Approaches to Online Trademark Infringements", Advisory Committee on Enforcement, p. 2 (reference 4). Available on: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=381836

⁵⁴ *Ibid*, p. 5

⁵⁵ *Supra* note 53, p.5

⁵⁶ *Ibid*

⁵⁷ *Supra* note 53, p.4

⁵⁸ OECD. Trade in fake goods is now 3.3% of world trade and rising, available on: <https://www.oecd.org/newsroom/trade-in-fake-goods-is-now-33-of-world-trade-and-rising.htm>. Accessed: May 1, 2019.

⁵⁹ The Guardian. Online retail fuelling rapid rise in sales of fake goods, says OECD <https://www.theguardian.com/technology/2019/mar/18/online-retail-fuelling-rapid-rise-sales-fake-goods-says-oecd>. Accessed: May 2, 2019.

⁶⁰ *Supra* note 53, p. 4

⁶¹ *Ibid*

"[i]nfringing websites continuously morph and change, as do the identities of online IP infringers."⁶² And that leads us to a discussion on the ways how such abuse might be prevented.

1.3.4. Methods of protection

Regular trademark infringements relate to something palpable, something that can be touched, sensed and prevented by employing conventional means - e.g., if the counterfeit good crosses the border, local authorities may confiscate the product on customs point. Or if someone starts to use someone's trademark, the injunction can be issued or the registration contested. But the Internet creates a different reality that is not manageable so easily.

Certainly, the legal means of protection are the primary and most important ones. But, from the peculiar nature of the Internet and online infringements, it might be implied that the legal means only are not sufficient. Schaefer argues that there is a need for "a multi-faceted and proactive trademark protection strategy that complements existing legal protection."⁶³

Other writers observe such insufficiency as well. J. Philips compares chasing cybersquatters with the elephant that tries to catch gnats - businesses reinforce their efforts to put an end to a problem but they turn to be very disproportionate to the achieved results. Several methods of fight have been tried but each time cybersquatters come up with new and innovative solutions how to continue their vicious deeds.⁶⁴ They can even manipulate with the provisions of law, stating that they have the right for comment or that the brand name they are using has become a generic term.⁶⁵ And, indeed, in 2018, WIPO has registered the record number of cybersquatting cases filed with its Arbitration and Mediation Center - the number reached 3347 disputes.⁶⁶

But how that "multi-faceted" approach to protection can be achieved? Primarily, it can be reached through the use of technology.

Schaeffer, among the possible methods of protection, mentions "trademark monitoring systems" and "surveillance mechanisms".⁶⁷ The former relates to a software that protects against registration of the similar or confusing marks whereas the latter enables control of the use of the mark throughout all the value chain. These or similar systems can be easily accessed by the companies or even subscribed to with the help of specialised service providers. For instance, "*marktend*" offers services of monitoring all the filings in the US Patent Office, reminds about all the crucial information about the company's trademark and offers UDRP monitoring on the subject of cybersquatting.⁶⁸ "*BrandShelter*" offers keeping track of the company's domain portfolio and ensures brand's protection by blocking all the similar domain name registrations by the use of special programs.⁶⁹

Other systems can be described as "notice and take-down" procedures and filtering. Both are directed at spotting the IP-breaching good and removing it from the market. Recently, the largest online selling platforms started to employ these technologies.

⁶² Jochen M. Schaefer, *IP Infringement Online: the dark side of digital*, WIPO Magazine 2/2011, p.5 Available on: https://www.wipo.int/wipo_magazine/en/2011/02/article_0007.html

⁶³ *Ibid*, p.3

⁶⁴ *Supra* note 46, p. 570

⁶⁵ *Ibid*

⁶⁶ WIPO. WIPO Cybersquatting Cases Grow by 12% to Reach New Record in 2018, WIPO Press Releases (2019), p.1 Available on: https://www.wipo.int/pressroom/en/articles/2019/article_0003.html

⁶⁷ *Supra* note 62, p. 4

⁶⁸ *see* <https://www.marktend.com>. Accessed May 10, 2019

⁶⁹ *see* <https://www.brandshelter.com/en/dpml-plus>. Accessed May 10, 2019

In the ECJ *L'oreal*⁷⁰ case, it is stated in the facts that eBay has used filters for finding the offers that might potentially breach the terms of use of the platform. Besides, it has implemented VeRO (Verified Rights Owner) system that fulfills notice and take-down functions that enable the IP rights owners to remove the fake product from the shop.⁷¹

In February of this year, Amazon announced its new system for fighting against fake goods called "Project Zero". It is claimed to be the combination of the company's innovative technologies and expertise. The project has three layers. The first - scanning of the Amazon stores on the subject of counterfeit goods with the use of machine learning. The second layer - the option for the companies themselves to delete the fake goods from the platform (under the supervision of Amazon itself). The third is so-called "serialisation" that enables Amazon to scan the products with the use of unique code assigned to them.⁷² Alibaba, Auction, Rakuten and 11th Street are also known for implementation of similar systems.⁷³

Besides the need of technological advancement on the part of the companies, the writers realize the inability of companies to tackle the issue individually and point out to the need of increased collaboration. The combination of efforts of large sales platforms and of producers is a big step towards it. But integration should be reached on the state level as well. The absence of harmonised legislation is a big hindrance to establishing justice whereas putting more obligations on the intermediaries, such as selling platforms, could provide broader and stronger protection.⁷⁴ As Schaefer notes, the fight against infringers has to be on "multiple fronts"⁷⁵ - then, the likelihood of success is much higher.

1.3.5. Online trademark infringement as a business model

Infringing someone's trademark would not bring much use if it was not capable of bringing profit. And indeed, it has been found that breaching trademark rights of other companies may be part of very lucrative systems. There has been an extensive research done by EUIPO that was aimed at understanding of how IP rights are breached on the Internet. The research consisted of two phases. The first⁷⁶ tried to uncover online business models that are employing practices of infringing IP rights and the second⁷⁷ concentrated on cybersquatting. For the purposes of this work, the first research will be at focus.

It revealed twenty-five models (or so called "canvases") of how the breach of IP rights may bring profits. These models are not merely generalised summaries but they are based on real examples - behind each canvas, there is a certain person or company that was found to perform

⁷⁰ Judgment in *L'Oréal v eBay*, C-324/09, ECLI:EU:C:2011:474

⁷¹ *Ibid*, para 46

⁷² see Amazon's official website for the service: <https://brandservices.amazon.com/projectzero>. Accessed May 15, 2019.

⁷³ *Supra* note 53, p. 6

⁷⁴ *Ibid*, p. 2 and p. 8

⁷⁵ *Supra* note 62, p. 6

⁷⁶ EUIPO. "Research on Online Business Models Infringing Intellectual Property Rights, Phase 1", *Report commissioned to Deloitte Spain by the European Union Intellectual Property Office (EUIPO)*, p. Available on: https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/resources/Research_on_Online_Business_Models_IBM/Research_on_Online_Business_Models_IBM_en.pdf

⁷⁷ EUIPO. "Research on Online Business Models Infringing Intellectual Property Rights, Phase 2", ISBN 978-92-9156-229-9, p. Available on: https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Research_on_Online_Business_Models_Infringing_IP_Rights.pdf

respective activities. Because of that, those models vary in general applicability or the extent to which they can be replicated - some of them are more common while the other are less. Eighteen out of twenty-five canvases are directly or indirectly related to trademarks. Not all the models are misleading by themselves but all of them are infringing.

There are various ways how they could be divided but we will categorize them according three most common groups of infringing activities: misuse of domain names, selling of products and dissemination of malware and fraud.

The first group of models relates to misuse of domain names (cybersquatting).⁷⁸ The whole activity starts by registration of website with the domain containing trademark of a third party. And there are several options what such website might be aimed at. It can lead to a page that is full of advertisements and links. Or, the website may explicitly state that respective domain name is for sale. Another option is bordering with the second group (selling of goods) - when the website itself is the shop (e.g. selling genuine or fake goods of the firm which is mentioned in the domain name). Such websites might even use marketing tools such as search engine optimizers that improve chances of finding the page on the search engine. The source of profits for such models are either money coming from pay-and-click links and ads or direct sales of domain names and goods.

The second group of models concentrates on selling goods.⁷⁹ Usually, the counterfeit ones but sometimes, it is difficult to know for sure because such pages tend to be very well disguised. Such a case was with the online shop of pharmaceuticals. The website resembled a trustworthy modern shop with good design and positive customer reviews. But the page itself provided information that it might get closed and if that happens, the customer would receive an e-mail with the link to a new website with different domain name. That seems to be suspicious but, in either way, shows how crafty and resilient the infringers tend to be.

Recently, social media has become another popular place for creating the shop. The infringer may register an account with the name of the company the goods of which it is selling or to advertise itself in the groups of users willing to buy second-hand items. Communication with clients may take place through the platform's chat, what allows the sellers not to reveal their identity.

But besides easily accessible websites or accounts on the open internet, the sellers can function on the Darknet. It allows the infringers to be anonymous to the highest degree and sell the products that cannot be sold openly - the range of goods offered may vary from genuine and non-genuine goods to sensitive information and firearms. Respectively, the source of income for all the models of this group is the money received from sales.

Whereas the third group⁸⁰ earns from getting access to and selling of sensitive information such as card codes, bank account passwords, documents, etc. Spoofing and phishing are the main methods of such wrongdoers. Spoofing takes place when the infringers make the website, very similar to the page of original company, for the purpose of getting numbers of credit cards, passwords, secrets, etc. Usually, the pages of social security services, banks or insurance companies are being forged. The trademark of those entities appears on such websites what, respectively, infringes the rights of its owner. Information about such websites and links to them are usually distributed via phishing e-mails - the messages resembling letters from real institutions.

⁷⁸ see models from 1 to 5; *supra* note 76, pp. 51-55

⁷⁹ see models 6, 9, 11A, 11B and 13; *supra* note 76, pp. 56-64

⁸⁰ see models 16, 17 and 19; *supra* note 76, pp. 68-71

Besides, such websites and e-mails can disseminate malicious software that enables the wrongdoers to obtain sensitive information.

With respect to this group, there is one example which specifically relates to the trademark online infringement. The company has been sending letters to the owners of trademarks which notified them about the need to renew their authorisation to use the sign. The letters reminded the official ones from the Office and the trademark of Trademark Registration Office was used. And, certainly, a fee had to be paid for the service, which was five times higher than the official one. Several firms to whom the letter was sent, paid the fee which, subsequently, was the source of earnings for the wrongdoer. But after some time, the fraud was discovered.

Thus, as it might be seen, infringement of trademarks online can be part of lucrative business models. The practices adopted by infringer show that they are rather crafty in their actions and that they have learnt to use the peculiar nature of the Internet for their benefit.

All the above chapter shows that the Internet, with respect to the use of trademarks, has opened up plenty of opportunities both for businesses and infringers. Companies can engage with their clients and exert influence with their brands like never before whereas the infringers have come up with the new ways to benefit from the work of others and even to make profit on that. Due to the insufficiency of traditional means of protection, the new methods have to be incorporated, in which technology plays the primary role. But although the current legal instruments do not keep up with rapid technological development, it does not mean that they are completely obsolete and dysfunctional – they *do* offer the means of enforcement. And, what are they as far as jurisdiction rules and the EU are concerned, is discussed in the chapter to follow.

CHAPTER 2. LEGAL FRAMEWORK; GENERAL AND EXCLUSIVE GROUNDS FOR JURISDICTION

2.1 Legal framework

Before going into analysis of the relevant provisions, it is necessary to take a more detailed look at what those provisions are on the international and European level.

As to the international law, nor Paris Convention, nor Madrid Convention and Protocol and none of the other international instruments contain any provision on jurisdiction. The only thing that might indicate presence of some private international law rule is the principle of "national treatment". However, such allegations have been faced with critique⁸¹ and the ECJ itself has held that this concept is not the choice-of-law rule - the notion "simply requires that the country in which protection is claimed must treat foreign and domestic nationals alike."⁸² From that follows that this is not a jurisdiction rule either.

But with regards to the European legal framework, the situation is very different. The primary instruments governing trademarks in the EU are EUTM and TMD. The Directive does not comprise rules on jurisdiction whereas EUTMR have three articles devoted to it, from which the Article 125 is the foundational one.

⁸¹ Graeme Dinwoodie, «Developing a Private International Intellectual Property Law: The Demise of Territoriality?» 51 *Wm. & Mary L. Rev.* 711, 2009, p. 716. Available at: http://scholarship.kentlaw.iit.edu/fac_schol/889

⁸² Judgment in *SARL v Heyraud SA.*, C-28/04, ECLI:EU:C:2005:418 and *Ibid*, pp. 717-718

The Recast does not contain specific provisions regarding infringement. However, in Article 24 (4), it contains the rule on jurisdiction with respect to the "proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights"⁸³. The role of this provision will be shortly discussed in section 2.3.

However, it does not mean that the Brussels I Recast is not applicable to trademarks. On the contrary, the Court has been applying it in IP cases and, specifically, concerning trademarks. But one very important distinction has to be made here - **the applicability of Brussels I Recast is dependent on the nature of trademark at issue - whether it is the national trademark or the EU one**. Without knowing that, one could get very confused after facing two ECJ judgements, in one of which the Brussels Regulation is applied and in the other - not.⁸⁴ But the current system is such that the issue of jurisdiction for trademarks which are registered in the States only (i.e. national trademarks) is governed by Brussels I Recast whereas the EU trademarks are governed by the EUTMR.⁸⁵ The preamble of the EUTMR explicitly states that the regulation concerns European marks only and does not preclude the national ones.⁸⁶ And, with understanding the importance of that, this distinction will be adhered to throughout further discussion.

But, despite discrepancies in application of the regulations, the rules on jurisdiction themselves, contained in them, are rather similar. While comparing EUTMR with respective articles of the Recast, one could reasonably assume that the former has been greatly influenced by the latter.

Article 125 EUTMR consists of five paragraphs:

125 (1) EUTMR: provides for the possibility for a matter to be heard by the courts in which the defendant is domiciled. That corresponds to the same rule in the Article 4 Recast.

125 (2) EUTMR: states that if the defendant is not domiciled in the EU, then the domicile of the plaintiff can be used as jurisdiction;

125 (3) EUTMR: indicates that if the former condition is not the case as well - then, the place of the seat of the Office should be considered as forum (which is Alicante in Spain);

125 (4) EUTMR: directs to application of Brussels Regulation in cases where jurisdiction for disputes was selected by the parties and in conditions when the defendant has entered an appearance in a court of another state;

125 (5) EUTMR: refers to the possibility to sue in the place where "the act of infringement has been committed or threatened"⁸⁷ - the provision similar to the one found in the Article 7 (2) Recast with "the place where the harmful event occurred or may occur."⁸⁸

Besides, among Brussels Regulation's provisions, Article 8 (1) and 24 (4) are relevant. The first one is directed at cases where there is more than one defendant and the second one concerns exclusive jurisdiction in registration and validity matters.

⁸³ *Supra* note 7, Article 24 (4)

⁸⁴ *e.g.*, compare judgments in *Coty* (*infra* note 90) and *Wintersteiger* (*infra* note 150)

⁸⁵ Hitsevich, N. *Intellectual property rights infringement on the internet: an analysis of the private international law implications*, Unpublished Doctoral thesis, City University of London, 2015, pp.129-130.

⁸⁶ *Supra* note 8, recitals 7 and 8 of the preamble

⁸⁷ *Ibid*, Article 125

⁸⁸ *Supra* note 7, Article 7 (2)

Thus, EUTMR and Brussels Regulation are two main instruments that apply in issues related to jurisdiction. Respectively, the paper focuses on correct application of them in the context of online trademark infringement and their interrelation.

2.2. Interrelation between Brussels I Recast and EUTMR

Since it is seen that EUTMR and Brussels I Recast are very important for determination of jurisdiction, the question arises as to how these instruments are interrelated and which of them prevails in the EU trademark infringement cases. Though the issue is important, it is not often addressed in detail in the works of researchers. From the authors and their works, represented in bibliography, the only one who addressed the question in detail and provided a specific guidance is Rosati.⁸⁹ But even here, her discussion was limited only to interrelation of the Articles 125 (5) EUTMR and 7 (2) Brussels I Recast.

But what is satisfactory and, in a way, surprisingly, is that the ECJ does not dodge the issue and includes notably clear statements on interrelation between the regulations in its case law, specifically *Coty*⁹⁰ case. In the beginning of consideration of two questions referred by the German court, the ECJ tried to reformulate the matters addressed to it and came to the conclusion that the essence of the first question was whether the notion of the place of "the act of infringement" contained in the then Article 93(5) of Regulation on Community Trademark should be interpreted in analogous way to the place of the "harmful effect" in Article 5 (3) of 44/2001 Regulation (now, Article 7(2) Recast).⁹¹ And, after that, it states that the principle is that the Brussels Regulation *does* apply to the cases on the breach of trademark rights. But it further remarks that, despite it, certain provisions are not applicable because the regulation itself excludes them.⁹² Now, the provision to which the Court was referencing to, is the Article 122 (2)(a), in which the list of non-applicable articles of the Brussels regulation is provided - and it includes the Articles 4 and 7. Besides, the Court mentions opinion of Advocate General for that case who pointed out to the status of *lex specialis* of the EUTMR⁹³, meaning that its rules should prevail over the general provisions of the Brussels regime. In addition to that, the Article 67 Recast itself states that the Regulation does not preclude application of the jurisdiction rules of other instruments.⁹⁴ But, as it was stated earlier, that concerns infringements of European trademark only – for the breach of the local ones, the Brussels Regulation is fully applicable.⁹⁵ And, how it is done with respect to the Article 4, is discussed further.

2.3. General grounds for jurisdiction

2.3.1. Article 4 Brussels I Recast for infringement of national trademarks

Article 4 Brussels I Recast provides for the so-called general rule of jurisdiction. The article states:

⁸⁹ see Eleonora Rosati, "International Jurisdiction in Online EU Trade Mark Infringement Cases: Where Is the Place of Infringement Located?", *European Intellectual Property Review* (forthcoming), 2016. Available on: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2714310. Accessed April 9th, 2019.

⁹⁰ Judgment in *Coty*, C-360/12, ECLI:EU:C:2014:1318

⁹¹ *Ibid*, para 25

⁹² *Supra* note 90, para 26

⁹³ *Supra* note 90, para 27 and Opinion of Advocate General in *Coty*, C-360/12, ECLI:EU:C:2013:764, para 36

⁹⁴ *Supra* note 7, Article 67

⁹⁵ For clear and definite formulation of it, see Bjorn Torsten Larsen, "Wintersteiger v Coty Prestige: The place of infringement under the forum delicti rule", *Journal of Intellectual Property Law & Practice*, Vol. 13, No. 3, 2018, p. 179. Available on: Oxford Academic Journals

Subject to this Regulation, persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State.⁹⁶

As a starting point of our discussion, it is worth to look at the article from the perspective of four interpretation methods and to outline the issues that could be intuitively grasped from application of respective methods. It should be started with grammatical one.

2.3.1.1. Application of four interpretation methods

The whole provision constitutes one sentence. The main idea of it is that defendants should be sued in the courts of the country of their domicile and that rule is not dependent on the person's nationality. The word "shall" imposes an imperative tone to the rule what corresponds to its status of being a general one. The words used raise two issues: what does it mean to be domiciled and does the provision concern only natural persons or the legal persons are also covered?

As to the systemic view, the provision is placed in the first section called "general provisions". That certainly indicates to the general applicability of the rule and that it might be viewed as the starting point in any discussion on jurisdiction.

Teleological interpretation seemingly confers the privilege for the rule in that it should be given the preference in case of uncertainty. One of the aims of the regulation is to ensure legal certainty in matters of jurisdiction. That is one of the reasons of general status of this rule. As the preamble's recital 15 states:

The rules of jurisdiction should be highly predictable and founded on the principle that jurisdiction is generally based on the defendant's domicile. Jurisdiction should always be available on this ground save in a few well- defined situations⁹⁷

Historical perspective does not give much information for interpretation except the fact that the rule has not been changed by the newer versions of regulation.

2.3.1.2. The issues raised: the meaning of "persons" and "domicile"

The researchers confirm the above-mentioned findings that could be inferred from application of four interpretation methods. According to H. van Lith, this jurisdiction rule is "firmly anchored" in the Article 4 and constitutes "the key to the Brussels I regime" since its first appearance in the 1968 Brussels Convention.⁹⁸ The fact that the rule is "general" means that it applies to all types of proceedings and, unless there are some specific exceptions, the rule is always available.⁹⁹ Besides, it means that in cases of infringement, no special connection to the facts of the forum state is required.¹⁰⁰ Regarding the preference which is assigned to the rule - the researchers agree that the Regulation itself gives right to think that way. As G. van Calster states, the Regulation's "general nature [...] reverberates throughout the Regulation".¹⁰¹

As to the question of whether the provision applies both to private and legal persons, the answer is yes - and this issue is tightly related to another one, i.e. to definition of "domicile". First of all, it has to be noted that the fact of defendant's domicile in one of the EU Member States is **the precondition** for applicability of the article. At the same time, the place of the claimant's

⁹⁶ *Supra* note 7, Article 4 (1)

⁹⁷ *Supra* note 7, recital 15 of the preamble

⁹⁸ Andrew Dickinson and Eva Lein (eds.), *The Brussels I Regulation Recast* (Oxford: Oxford University Press, 2015), p. 113-114

⁹⁹ Trevor Hartley, *Civil Jurisdiction and judgments in Europe* (Oxford: Oxford University Press, 2017), pp. 87-88

¹⁰⁰ *Supra* note 98, p. 116

¹⁰¹ Geert van Calster, *European Private International Law, Second edition* (Portland: Hart Publishing, 2016), p. 135

domicile is not relevant - even the countries that are far from the Europe can equally apply the article.¹⁰²

The concept of domicile, which is to be used, is determined in the Articles 62 and 63 of the Regulation. Article 62 deals with natural persons and states that the internal law of the forum state should be used to determine whether a person is domiciled in that state.¹⁰³ It means that the regulation does not offer an independent definition of domicile but instead, relies on domestic law of the Member States. But, as a rule, the local laws do not show great disparities because all the systems share the common core - that "a stable establishment" and "substantial residence" are pivotal for establishing a domicile. The differences in systems might be in questions of whether multiple places of domicile are possible or of the type of establishment (commercial or domestic) that should be given preference.¹⁰⁴

In contrast with the previous provision, Article 63 provides guidelines for determination of domicile for legal persons. It states that the domicile of the company or any other legal person should be viewed as the place where it has its statutory seat, central administration or principal place of business.¹⁰⁵

Thus, an important application of the rule is that the jurisdiction based on domicile is **almost always available** and that **the courts of defendant's domicile can hear the case even if the infringement itself occurred in different place and even if that place is outside the Union.**¹⁰⁶ However, as it will be discussed in the next chapter, in such case an alternative jurisdiction available under the Article 7 (2) Recast.

2.3.1.3. Application of the rule for online trademark infringements

The Article 4 of the Regulation applies to IP infringements as well, specifically to the infringement of the national trademark. As noted by Torremans, "[t]here is no reason why this rule cannot be used effectively in cross-border IP cases."¹⁰⁷

In the course of application in this context, the rule does not undergo any alterations in the substance - the requirement for domicile remains. The main question thus is - how domicile can be determined in the online infringement cases? According to Hitsevich, there are two main difficulties in that. The first is determination of the defendant's true location and the second - anonymity and pseudonymity of the infringers.

The location of the infringers is not easy to figure out because the identifiers available are unable to provide definite and undisputable information on the position of the defendant. That concerns IP addresses, domain names, e-mail accounts, etc. The IP numbers themselves do not show the location of the user. National identifiers used in domain names and e-mails (such as .lv; .com; .de) are not bound with the position of their users.¹⁰⁸ All that makes the bare use of these

¹⁰² *Supra* note 98, p. 114

¹⁰³ *Supra* note 7, Article 62 and *supra* note 103, p. 61

¹⁰⁴ Peter Stone, *EU Private International Law, Third edition* (Cheltenham: Edward Elgar Publishing Limited, 2016), p. 68

¹⁰⁵ *Supra* note 7, Article 63

¹⁰⁶ Richard Davis, Thomas St Quintin and Guy Tritton (eds.), *Tritton on Intellectual Property in Europe, Fifth Edition* (London: Sweet & Maxwell, 2018), pp. 1294-1295

¹⁰⁷ Paul Torremans, "Jurisdiction for cross-border intellectual property infringement cases in Europe", *Common Market Law Review* 53 (6), 2016, pp. 3-4. Available on: <http://eprints.nottingham.ac.uk/38640/>. Accessed April 12th, 2019.

¹⁰⁸ Hitsevich, N. *Intellectual property rights infringement on the internet: an analysis of the private international law implications*, Unpublished Doctoral thesis, City University of London, 2015, pp. 58-61

identificators simply useless - some additional means should be resorted to for determination of the location. And such means are **technology and Internet service providers (hereinafter - ISPs)**.

Hitsevich mentions such systems as “*Quova*”¹⁰⁹ and “*digitalenvoy*”¹¹⁰ that are making use of allocation of IP addresses in blocks that allows to map them according to their location. Although such systems may prove useful, the information obtained from them is not sufficient for the courts because the credibility and preciseness of this technology remains debatable.¹¹¹

The only real practical solution is to resort to the Internet service providers (ISPs). Only they have all the necessary information about their clients and only they are able to match IP addresses with the location of their users. But the involvement of the ISPs introduces large discussion over their role in enforcement of IP rights. What are the duties of Internet providers? Are they obliged to disclose information? And how that can be reconciled with the privacy and data protection rights? This is a very large (and topical) issue. But for the purposes of this paper, it will be sufficient to understand whether the ISPs have to disclose information and if yes, what sort of information.

Two ECJ cases are relevant in this respect. The first one is *Sabam v Netlog*.¹¹² It was decided in this case that the e-Commerce Directive¹¹³, considered together with other relevant directives, prohibits for the national courts to issue an injunction requiring the providers of hosting services to install systems that filter the content on the subject of unlawful content.¹¹⁴

In *Promusicae v Telefonica*¹¹⁵, the ECJ dealt with preliminary ruling from Spanish court which asked whether the intermediary in question was obliged to disclose information on the user that allegedly has used the prohibited network. The company claimed that it had the duty to do so only in criminal cases but not in the civil ones. The ECJ ruled that indeed, the relevant directives

do not require the Member States to lay down [...] an obligation to communicate personal data in order to ensure effective protection of copyright in the context of civil proceedings.¹¹⁶

In addition to that, the Article 15 of E-Commerce Directive does not lay the obligatory requirement on intermediaries to control or monitor the information that is going through their systems.

In the light of that, it can be said that the EU law does not oblige the ISPs to reveal information on the address of an alleged infringer that could allow to determine his domicile. Instead, this matter is left for the Member States to decide for themselves. The States are given autonomy to decide if they wish to legislate the issue¹¹⁷ and the local courts are invited to carry out the balancing of the competing rights on their own.¹¹⁸ It means that **the ability to know the**

¹⁰⁹ “Quova” service has been acquired by “neustar”, now see <https://www.home.neustar>. Accessed May 8, 2019

¹¹⁰ see <https://www.digitalenvoy.com>. Accessed May 7, 2019

¹¹¹ *Supra* note 108, p. 59

¹¹² Judgment in *Sabam v Netlog*, C-70/10, ECLI:EU:C:2011:771

¹¹³ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (‘Directive on electronic commerce’). Available on: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32000L0031>. Accessed May 15, 2019

¹¹⁴ Bart van der Sloot, “Welcome to the Jungle: The Liability of Internet Intermediaries for Privacy Violations in Europe”, *Journal of Intellectual Property, Information Technology and E-Commerce Law* 6 (3), 2015, p. 215 Available on: <https://www.jipitec.eu/issues/jipitec-6-3-2015/4318>. Accessed May 9th, 2019.

¹¹⁵ Judgment in *Promusicae v Telefonica*, C-275/06, ECLI:EU:C:2008:54

¹¹⁶ *Supra* note 115, para 70 and *supra* note 114, p. 216

¹¹⁷ *Supra* note 108, p. 70

¹¹⁸ *Supra* note 11, pp. 1299-1300

defendant's domicile is dependent on local laws on disclosure of private information by the ISPs.

To sum up, Article 4 of Brussels Regulation provides a general rule which was intended to ensure predictability of determination of jurisdiction. However, its application in the context of online infringement (incl. trademark) is not without obstacles. The providers of Internet services only are able to shed some light on the domicile of their clients with sufficient certainty. But, despite that, the EU law does not oblige them to disclose such information leaving that for the Member states to legislate and adjudicate on.

It is very likely that it is the reason why the rule, despite being general one, has not found frequent application in online trademark infringement cases. Up until now, there has not been any case in the ECJ. And that reflects the conclusion of Metzger who says that "suing in the defendant's domicile in Internet cases is a possible choice in theory but not in practice."¹¹⁹

2.3.2. Article 125 (1) EUTMR for infringement of European Union trademarks

Article 125 EUTMR provides that the proceedings "shall be brought in the courts of the Member State in which the defendant is domiciled."¹²⁰ This rule obviously reflects the one found in the Brussels Regulation. According to Larsen, the only differences are that EUTMR does not apply to EFTA countries and that it requires authorisation of domestic law for bringing infringement cases.¹²¹ Similar to Brussels Regulation, EUTMR does not provide definition of domicile. From that, it might be concluded that, most likely, the Articles 62 and 63 of Recast should be used for determination of jurisdiction, especially considering the fact that the Recast serves as "fall back" for EUTMR.¹²² And, most probably, the same methods, i.e. resorting to the information from ISPs, should be applied. What means that, **most likely, the use of general rule in online infringements of European trademark is identical to the use of it in cases with national trademarks.** But that still should be determined by the Court.

2.4. Exclusive grounds for jurisdiction: Article 24 (4) Brussels I Recast

Article 24 (4) Brussels I Recast endows the courts of the State, in which the trademark was registered, an exclusive jurisdiction in "proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights".¹²³ EUTMR does not contain any provision for exclusive jurisdiction apart from the Article 23 in which it is conferred to the authorities and courts of the states in relation "to the procedure for levy of execution"¹²⁴ - the matter having nothing to do with infringement proceedings. However, on the face of it, the Article 24 (4) of Brussels does not relate to the infringement cases either. But, nevertheless, it does have a certain influence on it and needs to be discussed.

¹¹⁹ *Supra* note 108, p. 99

¹²⁰ *Supra* note 8, art 125(1)

¹²¹ Bjørn Larsen Torsten, *Intellectual Property Jurisdiction Strategies Where to Litigate Unitary Rights vs National Rights in the EU* (UK: Edward Elgar Publishing, 2017), section 5.19. Available on: <https://books.google.lv/books?id=bR06DwAAQBAJ&pg=PT97&lpg=PT97&dq=article+125+eutmr+commentary&source=bl&ots=96odaupmCD&sig=ACfU3U3znGWzkJTkYL-nPey4RKyvTOLhqq&hl=ru&sa=X&ved=2ahUKEwjCtPGskYriAhWhlYsKHUWgAUEQ6AEwB3oECAgQAQ#v=onepage&q=article%20125%20eutmr%20commentary&f=false>

¹²² *Ibid*, section 5.20

¹²³ *Supra* note 7, Article 24 (1)

¹²⁴ *Supra* note 8, Article 23

The trademarks, as the other IP rights, are registered in the national offices - those who wish to register it, file an application, filling in the necessary data and then if all the conditions are satisfied, the mark gets registered. However, often there are claims that in the process of registration, the problem or mistake has occurred, e.g. if someone claims that the protection for the respective mark could not have been granted at all.¹²⁵ In such cases, the proceedings with respect to registration and validity of the trademark can be initiated. And that is what the Article 24 (4) is concerned with.

And the rationale behind the rule is rather clear: the local authorities are much better situated and are more competent on registration that was made on its territory.¹²⁶ As Torremans notes, the link between the issue of validity and the local office is "particularly dominant".¹²⁷ In addition to that, such rule may help to avoid inconsistent judgments which could come about if the courts of different Member States decided on the matter.¹²⁸

It is apparently stated that the rule covers trademarks - with respect to them, the doubts on their validity and registration may equally arise and, in respective proceedings, national courts will have an exclusive jurisdiction. But the problem arises when such possibility is abused. For instance, if the core of the case is infringement of the IP right - but, for the purposes of delaying the proceedings, the defendant, as a defense, invokes the issue of validity of the contested right. And the question is whether in such cases even, the jurisdiction should be determined according to the Article 24 (4). And, according to ECJ's decision in *GAT v LUK*, the answer is yes. It held that the rule should apply irrespective of the "proceedings in which the issue of a patent's validity is raised, be it by way of an action or a plea in objection."¹²⁹ Obviously, that decision extends to trademarks.

The ruling has been heavily criticised. The researchers pointed out that it explicitly provided the way for abuse.¹³⁰ However, the rule stayed. And, even more, comparison of the current version of regulation with the earlier ones reveals that the approach has been fixed in the Recast by words "irrespective of whether the issue is raised by way of an action or as a defence".¹³¹

But what does it mean for the trademark infringements on the web? Is the whole case supposed to be heard in the place of registration, should the claim on validity arise? Luckily, the implications of *GAT v LUK* ruling are not as dramatic. **Exclusive jurisdiction is granted to the courts of the place of registration only for the matter on validity or registration - the infringement jurisdiction is not impaired.** It means that, if the court considering the case on the trademark infringement, in which the validity of the mark is invoked, it has to declare that it does not have jurisdiction on that issue and proceed with consideration of infringement only.¹³² As to the union trademark, which is not issued by any local authority, but by the Union, the issues on its validity are dealt with by the European authorities.¹³³

Thus, the Article 24(4) does not confer exclusive jurisdiction on the courts of the place of registration in regard to infringement case in all its entirety. In this way, while impacting only the

¹²⁵ *Supra* note 109, p. 13

¹²⁶ *Supra* note 110, p. 228

¹²⁷ *Supra* note 109, p. 13

¹²⁸ Andrew Dickinson and Eva Lein (eds.), *The Brussels I Regulation Recast* (Oxford: Oxford University Press, 2015), p. 271

¹²⁹ Judgment in *Gat v Luk*, ECLI:EU:C:2006:457, Case C-4/03, para 25

¹³⁰ *Supra* note 107, p. 14

¹³¹ *Supra* note 7, Article 24 and *supra* note 110, p.238

¹³² *Supra* note 128, section. 8.42 and *supra* note 110, pp.239-240.

¹³³ *Supra* note 128, section 8.43

aspect of litigation, the provision does not have a determinative significance on jurisdiction. But, nevertheless, it should be borne in mind because potentially, the rule might have an impact on the final outcome in certain circumstances.

CHAPTER 3. TRADEMARK INFRINGEMENT ON THE INTERNET: ALTERNATIVE GROUNDS FOR JURISDICTION

3.1. Article 7 (2) Brussels I Recast for infringement of national trademarks

Although Article 4 Brussels I Recast constitutes a general rule, there are number of derogations under which a person may be sued in the Member State other than his domicile. One of such possibilities was discussed in the section on Article 24 Recast. The other possibility with respect to online IP infringement cases is found in the Article 7 (2) of Regulation. It states that the case can be heard:

in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur;¹³⁴

This rule constitutes an alternative ground for jurisdiction meaning that it is additional to jurisdiction based on domicile and the claimant is entitled to choose between those two.

And, as it was done with the Article 4, we will start the discussion by looking at the rule through four interpretation methods and try to outline the issues that could be intuitively grasped from such perspective.

3.1.1. Application of four interpretation methods

From grammatical point of view, the Article constitutes one sentence, the first part of which lists conditions when the rule applies, and the second part specifies the place for jurisdiction. The case should relate to tort, delict and quasi-delict for the rule to apply. Among these, trademark infringement cases obviously belong to tort, since the breach of the mark causes harm to its owner. As to the second part of the sentence, certainly, the notion of “harmful event” requires interpretation as well as what do “occurred” and “may occur” mean.

Systemic and teleological view should point out to restrictive interpretation of the article. As it was stated earlier, the Regulation aims at ensuring legal certainty and thus gives preference to the general rule of jurisdiction. It should imply that all the deviations should be clearly defined and, in case of uncertainty, should not be given broad interpretation. As the recital 15 of the preamble states, only “few well-defined situations”¹³⁵ can constitute a leeway from the general rule. Historical perspective, again, does not give much information for interpretation.

¹³⁴ *Supra* note 7, Article 7 (2)

¹³⁵ *Ibid*, recital 15 of the preamble

3.1.2. The issues raised: the nature of the article and meaning of “harmful event”

According to researchers, trademark infringements indeed constitute tort.¹³⁶ As to restrictive interpretation of the Article, Calster notes that “all exceptions to the general rule need to be applied strictly”¹³⁷ and Lehmann says that “[a]s such, the provision ought to be interpreted restrictively.”¹³⁸

But the notion of “harmful event” and meaning of “occurred or may occur” should be paid a special attention to because that is a key to understand correct application of the Article. The ECJ does not divide “harmful event” from occurrence of it – apparently, these are viewed as one inseparable requirement for the presence of harmful event. And the Court has come up with, in my view, a rather broad view on this requirement which, although attempts to cover as much cases as possible, might contradict to the purpose of legal certainty in many instances. The situation is that “harmful event” does not confer only one possible place of jurisdiction – but two options at once. That was decided by the ECJ in *Bier*¹³⁹ case, where it was determined that the concept of “harmful event” implies two places at once – the first being “the place of the event giving rise to the damage”¹⁴⁰ and the second “the place where the damage occurred.”¹⁴¹ Sometimes, it is referred to as “duality” of the Article 7 (2) and two criteria or limbs of it.¹⁴² And now, it has to be understood how the provision should be applied to online trademark infringements.

3.1.3. Application of the rule for online trademark infringements

Arguably Article 7 (2) is the provision the application of which turned to be most sophisticated because of the peculiarities of the Internet environment. And that could be exacerbated by the duality of the article since one more possible place for jurisdiction is offered. But, at the beginning, it has to be determined whether such duality applies to IP infringements at all.

Hitsevich notes that this issue has been subject to a big debate between the researchers. The duality of the Article was confirmed by *Shevill* case and, many argue that *Shevill*, which deals with defamation, is very different from IP matters. Besides, it is argued that, since IP rights are territorial in nature, the damage may be felt only in places where the right is registered – thereby the only criterion that can be used is “the place of infringement”, making duality of the article unnecessary.¹⁴³ But Hitsevich argues that the step from *Bier* to *Shevill* made by the Court is much broader than from *Shevill* to IP matters. In addition to that, she notes that the *Shevill* case itself does not preclude the dual nature of the article. Therefore, she concludes, that the approach should be applicable to IP infringement cases.¹⁴⁴ And that is obviously seen in many IP cases (incl. those concerned with Internet) where the Court explicitly carries out assessment of those two criteria.¹⁴⁵

¹³⁶ See *supra* note 81, p. 1313 and *supra* note 99, p. 136

¹³⁷ Geert van Calster, *European Private International Law, Second edition* (Portland: Hart Publishing, 2016), p. 135

¹³⁸ Mathias Lehmann, “Jurisdiction in Matters Relating to Tort, Delict, or Quasi-Delict”, in Andrew Dickinson and Eva Lein (eds.), *The Brussels I Regulation Recast* (Oxford: Oxford University Press, 2015), p. 113-114

¹³⁹ Judgment in *Bier*, Case 21-76, ECLI:EU:C:1976:166 and *Ibid*

¹⁴⁰ *Ibid*, para 14

¹⁴¹ *Supra* note 139, para 14

¹⁴² e.g. *supra* note 108 p. 132

¹⁴³ Nataliya Hitsevich, “The accessibility of a website as a basis of jurisdiction in the case of IPR infringement over the internet”, *Journal of Intellectual Property Law & Practice*, Vol. 11, No. 11, 2016, p.133 Available on: Oxford Academic Journals and E. Jooris, “Infringement of Foreign Copyright and the Jurisdiction of English Courts” 3 *EIPR* 127, 1996, p. 139-140.

¹⁴⁴ *Ibid* (Hitsevich), pp. 133-134

¹⁴⁵ That is especially clearly seen in *Wintersteiger* (*infra* 148)

3.1.3.1 The place of the event giving rise to the damage

Shevill case has been important one for determination of jurisdiction in general. But, with respect to trademark infringements online, two things from it have to be taken. The first is that jurisdiction should be limited to the damage occurred in the forum state only – the court cannot rule on the damage done in all countries. But the second one is especially important for our discussion – that in *Shevill*, it was stated that, with respect to the first limb of Article 7 (2), jurisdiction may be granted to the place of establishment of defendant.¹⁴⁶ But, as Torremans notes, that rule has not found broad application in the courts of the Member States. And, over time, the ECJ itself modified this approach.¹⁴⁷

But not in the way that the idea of having jurisdiction at the place of establishment of defendant disappeared at all. *Wintersteiger*¹⁴⁸ is the most important case in the context of this article for determination of the forum online. It concerned infringement of the Austrian trademark “*Wintersteiger*”, belonging to the producer of skiing equipment, by the means of internet advertisement service “*Google AdWord*”. The German company, producing accessories for skiing equipment, “*Products 4U*”, has used the ad with the keyword “*Wintersteiger*” in order to attract customers to their products. But it did that only with respect to German “*Google*” website – if someone conducted the search in the Austrian version, it would not appear. The main issue was whether it can be said that the harmful event occurred in Austria – the state in which the mark was registered but to which the advertisement was not directed.

The ECJ held that **the act giving rise to damage happens where “the activation by the advertiser of the technical process”¹⁴⁹ takes place**, which enables the operation of infringing advertisement. But the Court recognized the need for some specific place where that could be. For the purposes of legal certainty, it dismissed the option of location of the servers and stated that such place is the **state in which the advertiser (the defendant) is established**.¹⁵⁰

But does it mean that the country of defendant’s establishment should always be the forum? Some light on that is shed by *Hejduk*¹⁵¹ case. It concerned copyright infringement on the Internet and the Court applied the same approach – the place of activation. And again, it said that such place should be where the company’s seat is located. It is hard to say for sure, if the ECJ adheres to establishment of defendant as to a general rule but, as Tritton notes, that more **seems to be merely “evidential presumption”**.¹⁵² It is very likely that, if enough evidence was gathered that the place of activation does not correspond to the place of defendant’s establishment, different conclusion would be made. And such reasoning seems plausible, especially considering the way how the Court delivers its view – in *Wintersteiger*, it writes that it “must be held”¹⁵³ and in *Hejduk*, starts the paragraph with “[i]n a case such as that”.¹⁵⁴ The use of these phrases might imply that seeing establishment of the defendant as the place of activation is dependent on the facts of the

¹⁴⁶ Paul Torremans, “Jurisdiction for cross-border intellectual property infringement cases in Europe”, *Common Market Law Review* 53 (6), 2016, p.5. Available on: <http://eprints.nottingham.ac.uk/38640/>. Accessed April 12th, 2019.

¹⁴⁷ *Ibid.*

¹⁴⁸ Judgment in *Wintersteiger*, C-523/10, ECLI:EU:C:2012:220

¹⁴⁹ *Ibid.*, para 34

¹⁵⁰ *Supra* note 148, para 36-37

¹⁵¹ Judgment in *Hejduk*, C-441/13, ECLI:EU:C:2015:28

¹⁵² Richard Davis, Thomas St Quintin and Guy Tritton (eds.), *Tritton on Intellectual Property in Europe, Fifth Edition* (London: Sweet & Maxwell, 2018.), p. 1307

¹⁵³ *Supra* note 151, para 36

¹⁵⁴ *Ibid.* para 25 *hejduk*

case. However, as to the natural persons, Larsen writes that the place of activation usually coincides with the domicile of defendant.¹⁵⁵

3.1.3.2 The place where the damage occurred

Wintersteiger has clarified the second limb of the Article as well, defining the first way how jurisdiction can be determined under this criterion. The main idea of the Court is that the damage can occur only in the place where the mark is registered. It states that pursuance of foreseeability and best possible adjudication of the matter puts jurisdiction “**on the courts of the Member State in which the right at issue is protected.**”¹⁵⁶

But much more debate is caused by the other possible criterion for figuring out the place of damage – the question is whether accessibility of the infringing content, targeting with it of a certain State, or both may serve as the basis for the presence of harm. Generally, the answer to this question is that **accessibility of the infringing content can be a cause of jurisdiction in this context.**

In *Pinckney*¹⁵⁷, which dealt with copyright infringement by selling of CDs, the Court, first of all, confirmed the approach taken in *Wintersteiger* in that the first option for determination of jurisdiction was the place of registration.¹⁵⁸ But the ECJ has come up with the second option, namely it referred to the *possibility* for the obtaining of infringing products in the country which was enabled by the access to the website where they could be bought.¹⁵⁹ And that introduces the principle of accessibility.

Further, it was confirmed in *Hejduk*, which concentrated on unauthorized publication of the artist’s photos, that is copyright infringement. Here, the Court applied *Pinckney* approach and looked firstly, at the place of registration and, secondly, at the issue of whether the website was accessible in the Member State.

But some researchers are unsure whether from such conclusions of the court, it might be inferred that accessibility criterion is really necessary. Hitsevich, for example argues that accessibility, in reality, is not important for jurisdiction but that the Court in *Pinckney* merely “has treated accessibility as the substance of the dispute at a jurisdictional level.”¹⁶⁰ Torremans holds similar views.¹⁶¹ Besides, it is pointed to the fact that accessibility may bring jurisdiction to any Member State, since the websites with infringing content can be accessed in all Europe.¹⁶² And, accessibility was developed in the context of copyright cases – not the one of trademarks. But, nevertheless, in the light of decisions in *Hejduk* and *Pinckney*, it is most likely that the Court will adhere to its approach developed in these cases, meaning that accessibility of the website would be one of the ways to determine the place where the damage occurred. And, in my view, there are no reasons why it could not be extended to trademark cases – but that still should be decided by

¹⁵⁵ Bjorn Torsten Larsen, “Wintersteiger v Coty Prestige: The place of infringement under the forum delicti rule”, *Journal of Intellectual Property Law & Practice*, Vol. 13, No. 3, 2018, p. 180. Available on: Oxford Academic Journals

¹⁵⁶ *Supra* note 148, para 27.

¹⁵⁷ Judgment in *Pinckney*, C-170/12, ECLI:EU:2013:35

¹⁵⁸ *Ibid*, para 43

¹⁵⁹ *Tritton*, pp. 1306-1308

¹⁶⁰ *Hitsevich article*, p. 849

¹⁶¹ *Ibid*, p. 849 and P. Torremans (ed.), *Copyright Law: A Handbook of Contemporary Research* (Cheltenham: Edward Elgar Publishing, 2009), p. 467

¹⁶² *Ibid* (Hitsevich)

the ECJ. But, as to the targeting, *Hejduk* and *Pinckney* themselves indicate that it is not a necessary requirement for jurisdiction – in that way, only accessibility requirement remains.¹⁶³

3.2. Article 125 (5) EUTMR for infringement of European Union trademarks

Article 125 (5) EUTMR states that the action

may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened¹⁶⁴

Up until now, *Coty* case has been the most important for interpretation of this provision. It dealt with infringement of the European trademark – the bottle of perfume registered by the German producer of perfumes and cosmetics “*Coty*”. The Belgian company sold the perfume in a similar bottle in Germany. The question referred to the ECJ was whether the German courts had jurisdiction as the place where the infringement took place.

One of the most valuable for the purpose of interpretation was the point made about interrelation of this provision with the Article 7 (2) Recast. The Court stated that this rule “has to be interpreted independently of the concept of the place where the harmful event occurred or may occur.”¹⁶⁵

And, in attempt to determine what the place nevertheless could be, the Court concentrated on the element of action that is seen in the wording of the provision. The ECJ agreed with the view of the Advocate General that, in this provision, “the linking factor relates to active conduct on the part of the person causing infringement”.¹⁶⁶ And indeed, that could be seen upon comparison of the rule with the Article 7 (2) of Recast – here, instead of the “harmful event” that may occur, commitment of the *act* of infringement is emphasized.

Thus, as a result, **in infringements of EU trademarks, there is no duality present in the Article 125 (5)**, meaning that examination has to be based only on the assessment of the place where the event giving rise to damage (infringement) has been committed. And these considerations of the Court were concluded by stating that jurisdiction, as a consequence, belongs to the state “**in which the defendant committed the alleged wrongful act.**”¹⁶⁷

But it has to be noted that *Coty* concerned offline infringement of the mark. And the question then arises, how this ruling could be applied to infringement of trademark online? Unfortunately, there is no definite answer to that question because, as for now, there has not been a case in the ECJ that would clarify that. But the researchers, nevertheless, make assumptions about the possible answer. Larsen opines that jurisdiction should be extended to all 28 Member States, since the mark has effect in all of them.¹⁶⁸ But Rosati, upon making her extensive research, has come to the conclusion that, in the light of existing case law (primarily *L'oreal* and *Wintersteiger*), jurisdiction should be given to the courts of the place where “the activation of the process for the technical display of infringing content on a certain website takes place”¹⁶⁹ – the

¹⁶³ Tritton, pp. 1309-1310???

¹⁶⁴ *Supra* note 8 Article 125 (5)

¹⁶⁵ *Coty case* para 31

¹⁶⁶ Para 34, on discussion, see *Larsen article* pp. 183-184

¹⁶⁷ Para 37

¹⁶⁸ *Larsen article*, p. 3

¹⁶⁹ *Rosati article*, p. 1

criterion, similar to the one for determination of the place of the event giving rise to the damage for Brussels 7 (2) Recast.¹⁷⁰

To sum up, the "harmful event" found in the Article 7 (2) Brussels I Recast implies two possible places of jurisdiction: the place of the event giving rise to the damage and the place where the damage occurred. In the context of online trademark infringement, the first could be seen as the place where the activation of the technical process of display of infringing content takes place. Whereas the second can be seen as the country in which the right at issue is protected and in which the infringing content can be accessed.

As to the breach of EU trademark, the Article 125 EUTMR should be interpreted independently of the respective Brussels provision. It is unknown for sure how jurisdiction is determined under this rule in the context of online trademark infringement, but, most probably, that is the place in which the defendant committed the alleged wrongful act which, most likely, is the place of activation of infringing processes.

¹⁷⁰ see section 3.1.3.1

CONCLUSIONS

Upon conducting the research, several conclusions have been made with respect to each of the issues discussed in the paper. On the role of brands in business, it can be said that they are very important for the companies. Brands enable to distinguish the products and successful ones enable to control the segments of markets, give the right to charge higher prices, help to build up the reputation and generate brand loyalty.

Brands are important, especially considering the fact that, apart from tangible elements, they comprise intangible ones. The consumers tend to create the web of associations with the brand what, in turn, determines their attitude to it. The experience with brand might be evaluated from sensory, affective, intellectual and behavioral perspectives. And the Internet makes the influence of brands even stronger - that is why, in order to succeed, businesses should be advised to use the opportunities offered by the web.

But, there are people that tend to make use of the work and investment done by others. Such are the trademark infringers that do that on purpose. Cybersquatting, typosquatting, phishing, spoofing, selling of counterfeit goods and manipulating with metatags and advertisements are the main ways how the trademarks can be breached on the Internet. Besides, the infringers have found the ways to profit from that and tend to be very resilient. Such traits of the Internet as a high degree of anonymity, pseudonymity, absence of borders and wide access make fighting with them difficult. And such nature of the web sophisticates application of jurisdiction rules.

In the EU, the main instruments applicable in the context of trademark infringement are Brussels I Recast and EUTMR - the former is applied to the breach of national trademarks whereas the latter to the breach of the EU trademarks.

Brussels I Recast provides for general, alternative and exclusive grounds for jurisdiction contained in the Articles 4, 7 (2) and 24 (4), respectively.

According to the general rule, jurisdiction lies within the place of defendant's domicile. In the context of online trademark infringement, such could be determined with the help of ISPs. But there has not been any case in the ECJ in this context with this article.

Alternative jurisdiction provides for two possible locations: the place of the event giving rise to the damage and the place where the damage occurred. The first could be viewed as the place where the activation of the technical process of display of infringing content takes place. Whereas the second could be the country in which the right at issue is protected and in which the infringing content can be accessed.

Exclusive jurisdiction may be granted to the courts of the place of registration but only for the matter of validity or registration - the infringement jurisdiction is not impaired.

The same grounds for jurisdiction apply to the breach of EU trademarks, except for the exclusive one. The general rule, contained in the Article 125 (1) EUTMR, grants jurisdiction to the place of defendant's domicile. Most probably, it should be determined with the help of ISPs.

As to the alternative grounds, stipulated in the Article 125 (5) EUTMR, it was decided by the court that it should be interpreted independently of the respective Brussels provision. Most likely, the alternative jurisdiction is available in the place the defendant committed the alleged wrongful act. And that, most probably, would mean the place of activation of the technical process of display of infringing content.

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